

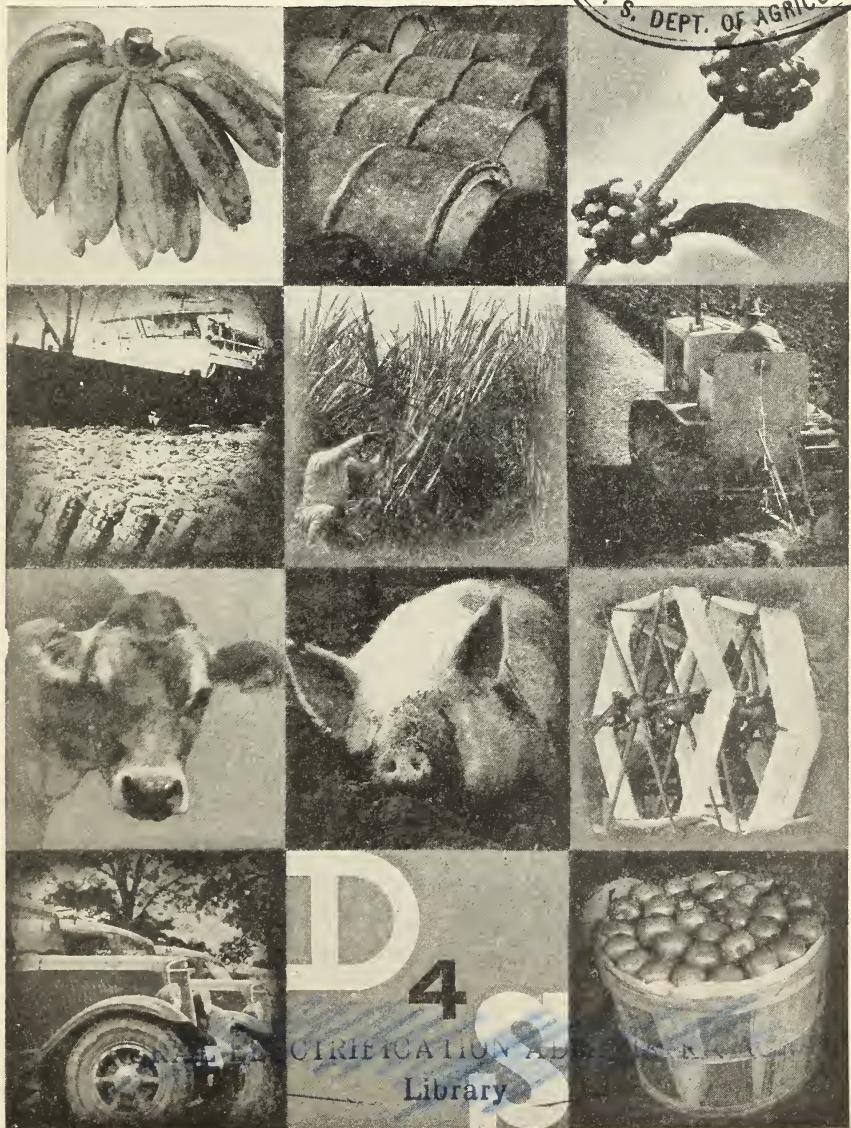
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EXPORTS AND IMPORTS

HOW DO THEY RECEIVED
AFFECT THE FARMER?



This pamphlet is the fourth of the materials prepared for the assistance of rural discussion groups in 1936-37 through the cooperation of the Extension Service and the Agricultural Adjustment Administration of the U. S. Department of Agriculture. It is not intended to direct attention to any particular point of view or conclusion, and no statement contained herein should be construed as an official expression of the Department of Agriculture. The materials listed below attempt to present, in readable, nontechnical language, discussions of issues related to rural life. Their contents are not offered as either complete or orderly presentations, but as collections of currents facts and attitudes which may be of use to rural people who are thinking about these questions for themselves.

Materials have been prepared for the 1936-37 season on the following topics:

- DS-1. What Should Be the Farmers' Share in the National Income?**
- DS-2. How Do Farm People Live in Comparison with City People?**
- DS-3. Should Farm Ownership Be a Goal of Agricultural Policy?**
- DS-4. Exports and Imports—How Do They Affect the Farmer?**
- DS-5. Is Increased Efficiency in Farming Always a Good Thing?**
- DS-6. What Should Farmers Aim to Accomplish Through Organization?**
- DS-7. What Kind of Agricultural Policy is Necessary to Save Our Soil?**
- DS-8. What Part Should Farmers in Your County Take in Making National Agricultural Policy?**

Two pamphlets on technique, intended primarily for the assistance of leaders of rural discussion groups and forums, are also available:

- D-1. A Brief Guide to Methods (revised 1936).**
- D-2. How to Organize and Conduct County Forums (revised 1936).**

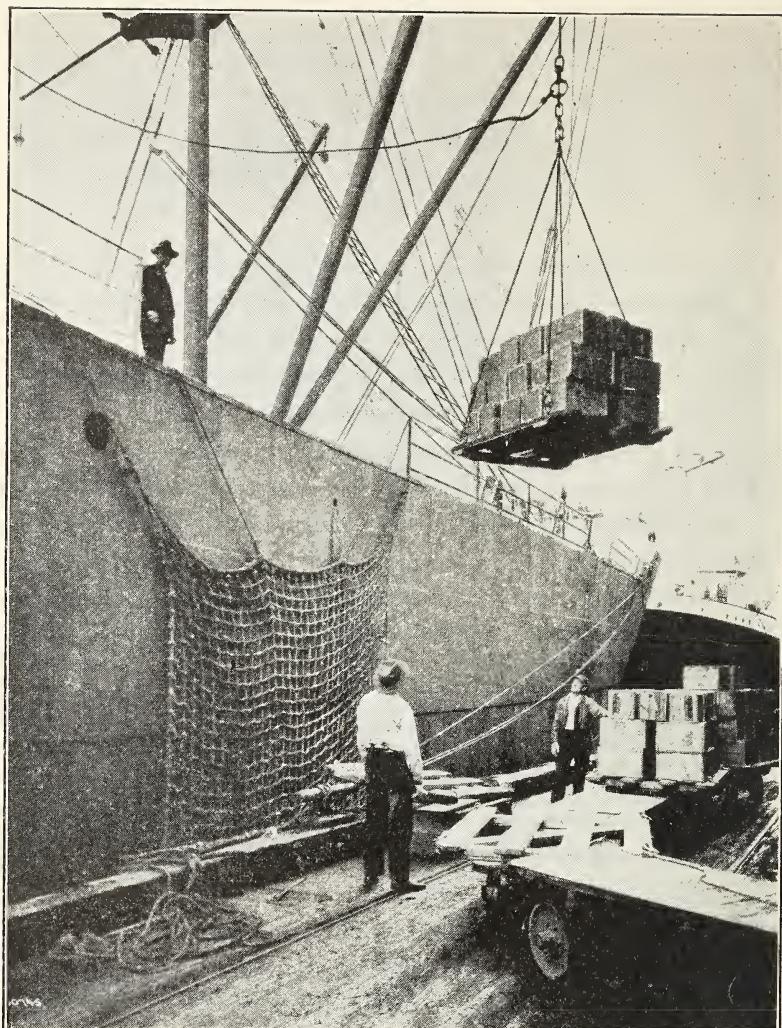
United States Department of Agriculture

The Extension Service and the
Agricultural Adjustment Administration cooperating
(Photographs by Resettlement Administration, the Department of Labor, and the
Department of Agriculture)
December 1936

EXPORTS AND IMPORTS—HOW DO THEY AFFECT THE FARMER?

Many different proposals are being voiced today on American foreign trade policy. Below is a brief list of some of the main views heard. Does one of them represent your point of view? Why?

- 1. The American tariff should prevent agricultural imports from competing with the products of American farmers.**
- 2. The tariff on industrial imports should be lowered; then American farmers would no longer have to pay high prices in a protected market.**
- 3. The industrial tariff protects the standard of living of American wage earners, the farmers' best customers. Therefore the government should maintain the tariff and make benefit payments to American farmers to give them an equivalent of tariff protection.**
- 4. The Federal government should subsidize the export of all crops and livestock not required for domestic consumption at fair prices.**
- 5. The United States should reduce both exports and imports to a minimum and be as nearly self-sufficient as possible.**
- 6. The United States should not give up its world trade, but should manage its sales and purchases by a series of barter arrangements.**
- 7. The United States should make reciprocal treaties with other nations to increase the world exchange of goods and services.**
- 8. Tariff exclusion leads to trade wars, and trade wars lead to military wars. What we need is a tariff policy that promotes peaceful trade in a world at peace.**



What's To Be Done About Our Foreign Trade?

EXPORTS AND IMPORTS—HOW DO THEY AFFECT THE FARMER?

SHOULD IMPORTS BE LET IN OR KEPT OUT?

Some people say, every dollar that American citizens pay out for foreign goods is a dollar put into foreigners' pockets, a dollar that ought to go into the pockets of our own American producers. These people WOULD LIKE TO SEE IMPORTS CUT till they were next to nothing. Then, say they, American producers could produce for the whole American market, which is, after all, the biggest market in the world.

Other people don't agree with them. The American market, they admit, is a sizeable market, but even the American market hasn't enough purchasing power to buy all the goods that our farms and our factories are equipped to produce. The farms which produce our big staple crops, and the factories that produce our best known types of machinery, have until recently made a good part of their living from sales abroad. If we cut down on our imports, foreign purchasers will have fewer chances to earn the dollars that they have to earn if they are to buy our goods. And if their chances to earn dollars are cut off, HOW CAN FOREIGNERS PAY THE AMERICAN EXPORT FARMER AND THE AMERICAN EXPORT MANUFACTURER? Won't our exporters have to go out of business or else get domestic subsidies, either in prices or in Government payments, to make up for foreign losses?

"Isn't there another angle to this question?" asks a third group. "WHAT ABOUT AMERICAN CONSUMERS? Where does their interest lie? Suppose we did keep out imports. What would happen to prices of the goods we kept out?"

OUR CHIEF IMPORTS

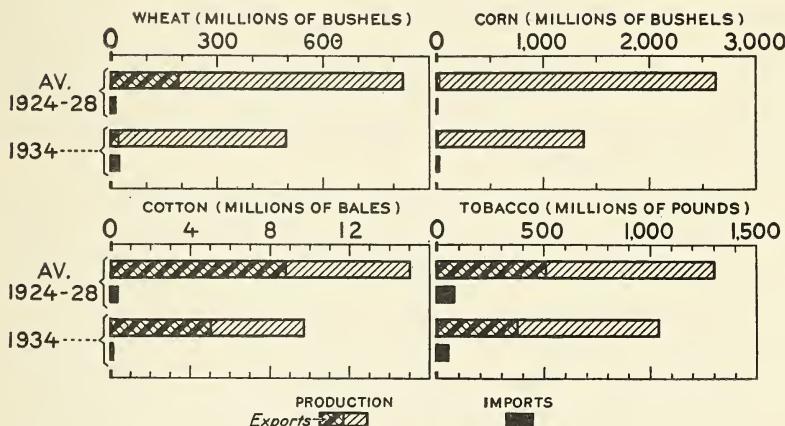
"We can get a line on that easily enough by looking at the import figures," suggests a statistically minded member of the discussion circle. "Our imports of all sorts of goods in 1935 amounted to \$2,039,000,000. Of this amount, \$1,106,000,000 represented agricultural products. We spent \$137,000,000 for coffee, \$133,500,000 for cane sugar, \$119,000,000 for rubber, \$96,000,000 for silk, \$79,000,000 for vegetable oils. . . ."

"Just what I was going to say," interrupts the champion of the consumer. "Those are products that are used every day by millions of Americans, and products that grow best in tropical climates. If we tried to grow the quantities we now use at home, prices would rise right out of sight. Of course we might make up our minds not to use these things and substitute products that are easier to grow in this country. But what would the average American say if he came down to breakfast in the morning and found his ham and eggs there all right, but discovered that his coffee cup was full of milk? Or if he went out to his car and found it all there but the tires?"

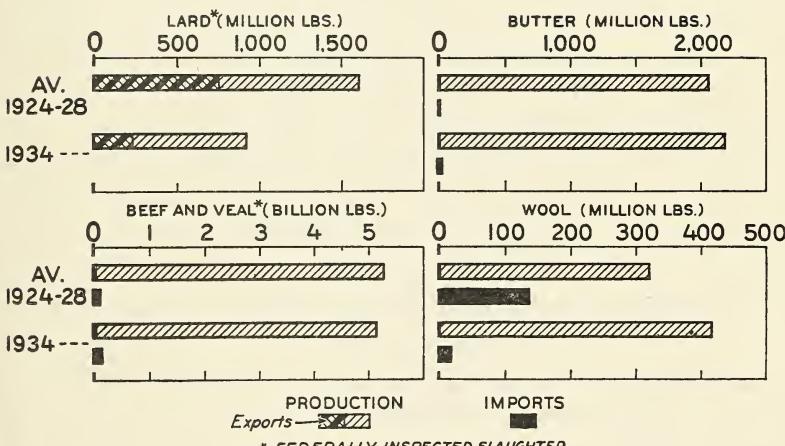
COMPETITIVE FARM IMPORTS

"Hold on a minute," counters a representative of the first group to speak. "What you say may be all right as far as those particular commodities go, but WE IMPORT A LOT OF AGRICULTURAL PRODUCTS THAT ARE JUST THE SAME AS THOSE WE GROW HERE AT HOME. If you'd let our statistical friend go on with his list of last year's import figures, you'd find such products right up at the top. Look at the wheat, and the butter and the cheese and the cattle that have been piling in over our tariffs these last years, to be sold right in front of the noses of our own wheat growers, cattle raisers, and dairymen. Why should these commodities be allowed to fill the market when our own farms are big producers of exactly the same goods?"

U. S. Production, Exports, and Imports of Wheat, Corn, Cotton, and Tobacco



U. S. Production, Exports, and Imports of Livestock Products



* FEDERALLY INSPECTED SLAUGHTER

"Wait a second," breaks in the statistically minded member. "HAVE THESE IMPORTS REALLY BEEN FILLING OUR HOME MARKET? And have our own farms been big producers during the seasons when we've had big imports? If you look at our competitive farm imports during the years when they've been biggest, what percentage of domestic production have they been? Is it fair to say that foreign goods are taking the domestic market in years when domestic production falls way below normal, because of droughts such as we've been having or for some other reason?"

"It certainly is fair," comes a prompt rejoinder. "Suppose American farmers do have a smaller crop than usual. That means less income unless prices rise. Why shouldn't the man who has seen most of his crop burn up in the ground get all that he can for the little that he does succeed in harvesting? Why should foreign-grown crops come in and break the market that is his only hope of catching up on income?"

PROTECTION FOR CONSUMERS

"Then what about the income of the people who have to pay SCARCITY PRICES," retorts the champion of the consumer. "When food is available from other countries, why should city people, and lots of farmers too, either go without or pay prices that make big cuts in their standard of living? It isn't as though the farm products that are raised in this country didn't have any protection. Take the case of wheat. We import two kinds of wheat, wheat for feed and wheat for food. The duty on wheat for feed is 10 percent ad valorem; the duty on wheat for food is 42¢ per bushel. That 42¢ per bushel was more than 100 percent of the farm price of wheat in 1932. It was still over 40 percent of the price of wheat in 1936. If the farmer has protection up to a big percent of his price, ISN'T THE CONSUMER ENTITLED TO PROTECTION when prices get high enough for foreign products to come in over that barrier? Are the farmers who want to keep out wheat for food equally keen about keeping out wheat for feed?"

Or do they see the consumer's point of view better when it comes to something they use on their own farms?"

IMPORTS AND RECOVERY

"Haven't you touched on another reason for the recent increase in imports besides the drought," inquires a member of the group who has been quiet up to this point. "Some of the recent increases have clearly been due to the drought. But is that the whole story? The member who spoke for the consumer said that the tariff on wheat in 1932 was just about the same as the American price. Now what I want to know is, didn't that price have something to do with the low imports of wheat during the depression years? Those were years of big carry-over and small purchasing power on the part of the American people. A 38¢ wheat market isn't an attractive market. And a population that can't absorb more wheat than was sold in 1932 at 38¢ certainly isn't going to have much money to spend on other things. When all sales are low, imports are bound to be low. And by the same token, when all sales start up, aren't imports likely to rise too, reflecting people's capacity both to buy more, and to buy certain kinds of products—like quality grades of cheese, for instance—that they just scratch off the menu when times are hard? I think our statistical friend here will bear out what I say."

"Exactly," the statistically minded member agrees. "If you look at what has happened to imports of competitive agricultural products, gross farm income, and value of industrial production during the years since the war, you'll see that their movements up and down follow each other quite closely. Good times for domestic producers in the United States and good times for foreign exporters to the United States come and go together.

"If that's true for the United States, moreover, isn't it likely to be true for other countries? Instead of worrying about imports coming into this country, wouldn't we do better to see if we can't TAKE ADVANTAGE OF RECOVERING PRICE LEVELS and revived purchasing power all over the world to do some exporting?"

BARTER AGREEMENTS

"Right you are," comes from a member of the export-farmers group. "What we need is to take stock of our surpluses and see if we can't get rid of them by MAKING TRADES WITH FOREIGN COUNTRIES. We ought to go to a country that needs our goods and say, What have you that we need that you'll swap with us for our pork products, or our tobacco? And so on for our other surplus products. If we made trades like that we'd be sure of being paid, we'd know exactly what we were getting, and we'd be rid of surpluses that we can't sell at proper prices here at home."

"Why should that way of trading work any better in the world market than at home," a new voice inquires. "YOU WOULDN'T EXPECT TRADE TO MOVE VERY BRISKLY IF YOU BARTERED EVERYTHING you raised, would you? Isn't the big advantage of a general market that you can exchange your own specialty for just the amount you need of a number of other specialties that are made by a lot of different people? After all, the census lists some 1,900 different classes of exports. Wouldn't it be pretty hard to handle them on a barter basis?"

TARIFF REDUCTION

"Just so," a free trader jumps into the discussion. "What we need is for us to TAKE DOWN OUR TARIFF and for other countries to take down theirs and then goods could come and go between countries where they were needed just as they pass from one to another of our forty-eight states."

"That would be a mighty good thing for the farmer," adds another member of the exporters' group. "Except in times of drought or other unusual weather, we don't have to worry about supplying our domestic market ourselves. And if the present tariffs on industrial goods were taken off, think how much cheaper we farmers could get a lot of the goods we have to buy."

PROTECTION FOR INDUSTRIAL WORKERS

"Maybe," responds the man who was urging agricultural tariffs, "but where would the city workers be if foreign



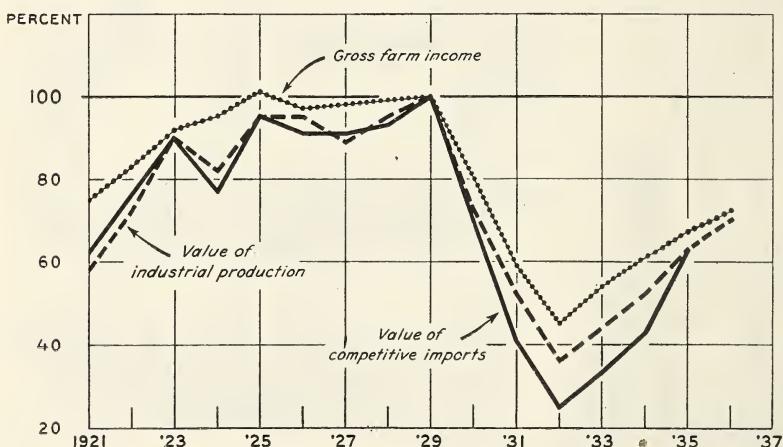
If Cotton Exports Failed, Would the Corn Belt
Stretch to the Gulf?

manufactured goods came pouring into the country. If factory workers' wages were pushed down by competition of foreign goods, it would certainly knock the props out from under our main market for foodstuffs, wouldn't it?"

"How do you know wages would go down?" interjects the statistically minded member. "HOW MANY WORKERS' WAGES ARE PROTECTED BY THE TARIFF? Are the workers in protected industries as well paid, even with the tariff, as the workers in our export industries which meet world competition? Does the wage received depend more on the type of product made than on whether its market is a home market or a world market?

Imports of Competitive Agricultural Products, Value of Industrial Production, and Gross Farm Income, 1921-35

[1929=100]



"We ought to bear in mind, too, the fact that factory employment in this country and imports of manufactured goods go up and down together just as imports of competitive agricultural products and gross farm income do. In the past, more imports have not meant fewer jobs."

RECIPROCAL TRADE TREATIES

"All the same," contributes an attentive listener, "any very sudden action is bound to be upsetting. Isn't it better to CHANGE THINGS GRADUALLY? Look at what has

been happening the last two years under our RECIPROCAL TARIFF POLICY. We've lowered, or agreed not to increase, our duties on some of the products of one nation after another that has been willing to lower, or to agree not to increase, its duties on some of our products. In two years we have completed 14 such agreements, and the countries included are countries to which we sold 37.5 percent of our exports in 1929.

HOW BIG IS TODAY'S WORLD MARKET?

"Reciprocal treaties may be all very well in their way," comments the man who is sitting beside him, "but how much ought we to expect of them? Is there any very great relation between our world trade in the past and our prospects for world trade today? All over the world, nations are trying to be more and more SELF-SUFFICIENT, particularly in respect to some of the farm products that we used to sell abroad, and at the same time, competition in products like wheat and pork products is getting keener and keener. Oughtn't we to make up our minds that our world trade is going to be permanently smaller than it has been?"

THE OPEN DOOR AT HOME

"That's the most sensible thing I've heard," the anti-imports man bobs up again. "We've been talking as though the choice between self-sufficiency and world trade was still ours to make. Farmers who spend their time worrying about their export market are worrying about something that never amounted to a fifth of farm income and doesn't amount to 10 percent today. Our way out lies through the open door at home. If we'd spend half the energy discovering domestic outlets that we spend on recovering foreign outlets for farm products we'd begin to get somewhere."

WHAT IF THE WORLD GOES TO WAR?

"Aren't we talking in a fool's paradise," the quiet member's voice is rather startling. "Here we sit as though

things would go on just as they have been, as though the world's unrest were not written in every day's headlines. WHAT ABOUT WAR? What would that do to our best-laid plans?"

"Well, war gave the American farmer THE BEST BUSINESS HE EVER HAD, didn't it?" one of the exporters takes up the challenge. "The DROUGHT has brought us dollar wheat all right, but lots of us haven't enough wheat to make a good thing out of it. The WAR brought us two dollar wheat, and we had wheat to sell."

"We had wheat to sell in 1918 and 1919 all right," comes a reply, "but we also had wheat to sell right through the 1920's and I ask you how much that wheat brought. I say that YOU CAN'T BLOW UP PART OF THE WORLD ECONOMIC SYSTEM WITHOUT EVERYBODY SUFFERING. A lot of us right here are farming land mortgaged out of all relation to today's prices. We made those mortgages on the strength of war markets. We're still paying on them. When farmers talk about war they need to think in terms of tomorrow's effects as well as today's profits."

"And they ought not to forget that TODAY'S TARIFF POLICY MAY HAVE LOTS TO DO WITH TOMORROW'S WAR," adds the quiet member. "Interference with trade leads to trade wars, and trade wars are mighty likely to turn into military wars. We weren't ready for the quick changes that the World War made in our balance of international trade. Our failure to handle those changes forced us onto pretty much of a self-sufficient basis, which in turn has been forcing other countries onto the same basis. Now some countries can't live at home as well as we. And when the economic life of a country gets pinched, war is on the horizon."

And so the discussion goes. Where would you like to chip in? What ought to be said that has so far been left out?

What kind of foreign trade policy is most likely to **KEEP THIS COUNTRY OUT OF WAR?**

From the standpoint of the farmers' interests, should the foreign trade policy of the United States be different in war time from what it is in peace time?

Should we, or should we not, trade with nations at war? What has been **OUR POLICY IN RESPECT TO NEUTRALITY** at various times in our national history?

All things considered, do you favor efforts to increase our foreign trade? Decrease it? Or do you think exports and imports ought to be let alone to work themselves out without a Government policy?

MORE ABOUT EXPORTS AND IMPORTS

(Quantity prices may be secured on many of these publications)

- MADE IN U. S. A. R. A. Goslin, Editor, Foreign Policy Association, 8 W. 40th St., New York City. 1935. \$0.25.
- AUTARCHY—NATIONAL SELF SUFFICIENCY. Charles S. Tippett, University of Chicago Press, Chicago, Illinois. 1933. \$0.25.
- AMERICAN FOREIGN TRADE POLICIES. Cordell Hull. International Conciliation, Oct. 1936. 405 W. 117th St., New York City. \$0.05.
- AMERICA MUST CHOOSE. Henry A. Wallace. Foreign Policy Association, 8 W. 40th St., New York City. 1934. \$0.10.
- AMERICA MUST ACT. Francis Sayre. National Peace Conference, 8 W. 40th St., New York City. 1936. \$0.35.
- WHY QUIT OUR OWN. George Peek. D. Van Nostrand Co., 250 Fourth Ave., New York City. 1936. \$0.50.
- THE UNFAIRNESS OF RECIPROCAL TRADE AGREEMENTS TO AMERICAN INDUSTRY AND LABOR. The Protectionist, April 1936. 38 Chauncy St., Boston, Mass. \$0.25.
- THE NEW TRADE POLICY OF THE U. S. H. Grady (Reprinted from Foreign Affairs), National Foreign Trade Association, 26 Beaver St., New York City. 1936. \$0.05.
- WAR AND DEPRESSION. J. B. Condliffe. National Peace Conference, 8 W. 40th St., New York City. 1935. \$0.25.
- FRIENDS OR ENEMIES? Julius W. Pratt. The University of Chicago Press, Chicago, Ill. 1935. \$0.25.
- THE FARMER'S STAKE IN WORLD PEACE. Donald Blaisdell. Carnegie Endowment for International Peace, 405 W. 117th St., New York City. 1935. Free.
- WORLD PEACE AND AGRICULTURE. Chester Davis. G-39. U. S. Department of Agriculture, Washington, D. C. 1935. Free.
- RAW MATERIALS, POPULATION PRESSURE AND WAR. Norman Angell. National Peace Conference, 8 W. 40th St., New York City. 1936. \$0.35.
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- A WORLD DIVIDED IS A WORLD LOST. Hendrick van Loon. National Foreign Trade Association, 26 Beaver St., New York City. 1935. \$0.10.
- AGRICULTURAL EXPORTS IN RELATION TO LAND POLICY. Part II of the Supplementary Report of the Land Planning Committee to the National Resources Board. Superintendent of Documents, Washington, D. C. 1935. \$0.30.
- VANISHING FARM MARKETS AND OUR WORLD TRADE. Theodore W. Schultz, National Peace Conference, 8 W. 40th St., New York City. 1935. \$0.25.
- AGRICULTURE'S INTEREST IN AMERICA'S WORLD TRADE. G-26. U. S. Department of Agriculture, Washington, D. C. 1935. Free.
- FOREIGN TRADE AND DOMESTIC MARKETS. American Manufacturers Export Association, 330 W. 42d St., New York City. 1936. \$0.25.
- IMPORTS AND JOBS. National Foreign Trade Association, 26 Beaver St., New York City. No date. Free.
- THE IMPORTANCE OF AGRICULTURAL WELFARE. Fred W. Sargent. The Chemical Foundation, Inc., 654 Madison Ave., New York City. 1936. Free.
- THE SIGNIFICANCE OF AGRICULTURAL IMPORTS. S. Doc. 263, 74th Congress, 2d Session. Superintendent of Documents, Washington, D. C. 1936. \$0.05.
- DOES AMERICAN PROSPERITY DEPEND ON FOREIGN TRADE? American Book Co., 88 Lexington Ave., New York City. 1936. \$0.10.
- RECIPROCAL TRADE. A Current Bibliography. U. S. Tariff Commission, Washington, D. C. 1936. Free.